

Pan African Resources PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3937466 on 25 February 2000)

Share code on AIM: PAF

Share code on JSE: PAN

ISIN: GB0004300496

ADR ticker code: PAFRY

(Pan African or the Company or the Group)

(Key features are reported in US dollar (US\$) and South African rand (ZAR))

SHORT-FORM ANNOUNCEMENT - CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

“Pan African’s improved operational and financial performance for the six months ended 31 December 2020 continues to demonstrate the resilience and operational flexibility of our multiple producing assets, despite the challenges of the ongoing COVID-19 pandemic.

Safety remains our number one priority, with targeted safety campaigns and incentives to encourage and reward safe practices to support our ultimate goal of achieving zero harm. The Group maintains its commendable safety performance, with improvements in reportable accident rates, with the exception of Barberton where a fatal accident occurred in July 2020.

Barberton Mines deserves recognition for a robust operational performance, with gold production of 52,354oz for the six months ended 31 December 2020, demonstrating the excellent progress at this flagship operation in reserve development and infrastructure optimisation.

We are on track with our forecast de-gearing, and the Group’s net debt decreased by 47.3% to US\$65.2 million relative to the six months ended 31 December 2019. A record rand dividend for the June 2020 financial year was paid in December 2020.

Group all-in sustaining costs (AISC) increased marginally to US\$1,252/oz, including realised hedge losses of US\$6.7 million, which if excluded reduces the Group’s AISC to US\$1,182/oz. The Group’s low-cost operations (Barberton Mines’ underground, Elikhulu and BTRP), which account for more than 80% of the Group’s total production, achieved an AISC of US\$1,030/oz, which is in line with our target AISC of sub-US\$1,000/oz.

Although the ramp up in production at Evander Mines’ 8 Shaft pillar has been slower than anticipated, we expect a much-improved performance during the second half of the 2021 financial year, as the pillar mining gains momentum.

We are excited about the Egoli project (Egoli), which will be South Africa’s newest underground gold mine and which will contribute considerably to the Group’s future gold production. We have now commenced with early preparation work and limited capital expenditure in anticipation of the commencement of the execution phase of this organic growth project. The existing shaft infrastructure and Kinross metallurgical plant, which will be utilised for Egoli’s production, contribute to significantly reduced capital cost and timelines to production, making the project attractive from a financial perspective.

We expect to finalise Egoli’s debt funding package within the first quarter of the 2021 calendar year. The project has strong environmental, social and governance (ESG) credentials, as it is already fully licensed, the closure cost will be fully funded through the Group’s existing rehabilitation funds and

the existing tailings storage facilities at Evander Mines will be utilised for tailings deposition, resulting in no additional environmental footprint.

Construction of the 9,975MW solar photovoltaic plant at Evander Mines is on track to commence during the first quarter of the 2021 calendar year, with first power expected to be generated during the third quarter of the 2021 calendar year. This plant will be one of the first of its kind in the South African mining sector and demonstrates our commitment to ESG initiatives, with the benefit of cost saving and certainty of power supply. A feasibility study for a similar sized solar photovoltaic plant at Barberton Mines is also currently being undertaken and, in conjunction with several other advanced ESG projects, these plants will also underpin the Group's profitability and sustainability in the longer term.

The Group remains on track to produce its guided 190,000oz of gold for the financial year ending 30 June 2021, which is a substantial increase compared to actual production of 179,457oz for the 2020 financial year.

We are committed to continuing to create value for our stakeholders by positioning Pan African as a sustainable, safe, high-margin and long-life gold producer."

Cobus Loots Chief Executive Officer

KEY HIGHLIGHTS

- Group gold production increased by 5.9% to 98,386oz (2019: 92,941oz)
- Robust operational performance from Barberton Mines, with the complex achieving production output of 52,354oz (2019: 47,356oz)
- On track to deliver on full year production guidance of approximately 190,000oz of gold
- The Group continues to maintain stringent COVID-19 pandemic mitigation policies and protocols to protect its employees and operations
- Commendable safety performance maintained, with improvements in reportable accident rates, with the exception of Barberton where a fatal accident occurred in July 2020 as previously reported
- Net cash generated by operating activities increased by 178.2% to US\$28.1 million (2019: US\$10.1 million)
- Reduced net debt by 47.3%, implying a net debt to net adjusted EBITDA ratio of 0.5
- Profit after taxation and headline earnings of US\$40.8 million (2019: US\$21.9 million profit after taxation and US\$21.7 million headline earnings)
- Adjusted EBITDA increased by 72.9% to US\$76.4 million (2019: US\$44.2 million)
- Earnings per share increased to US 2.11 cents per share (2019: US 1.14 cents per share), an increase of 85.1%, and headline earnings per share increased by 86.7% to US 2.11 cents per share (2019: US 1.13 cents per share)
- Record rand dividend payment in December 2020 of US\$17.8 million (2019: US\$2.9 million) to shareholders
- Agreement for evaluation of proposed Mintails transaction extended to 31 January 2022
- ESG projects, including the 9,975MW solar photovoltaic plant at Evander Mines and large-scale agriculture projects at Barberton Mines, are on track for commissioning in the third quarter of calendar 2021
- The Group remains vigilant in monitoring and implementing operating procedures for the prevention and mitigation of COVID-19 among its employees

The Company has a dual primary listing on the JSE in South Africa and the AIM market of the London Stock Exchange as well as a sponsored level 1 ADR programme in the United States through the Bank of New York Mellon (BNY Mellon).

The information in this announcement has been extracted from the Unaudited Interim Financial Results for the six months ended 31 December 2020. The short-form announcement has not been reviewed by the Company's auditors.

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement which was released on SENS on 16 February 2021.

Copies of the full announcement are available on request by emailing ExecPA@paf.co.za, and electronically via the sponsor (sponsor@questco.co.za) at no charge during business hours.

Any investment decisions in relation to the Company's shares should be based on the full announcement and the Group's detailed operational and financial summaries which are disclosed on the Pan African website at

<http://www.panafricanresources.com/investors/financial-reports/> and
<https://senspdf.jse.co.za/documents/2021/jse/isse/pan/Int2020.pdf>

Johannesburg
16 February 2021

JSE Sponsor:
Questco Corporate Advisory Proprietary Limited